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Report of the Secretary-General on the United Nations Interim Administration Mission in Kosovo

I. Introduction

1. The present report is submitted pursuant to Security Council resolution 1244 (1999) of 10 June 1999, by which the Council decided to establish the United Nations Interim Administration Mission in Kosovo (UNMIK) and requested the Secretary-General to report at regular intervals on the implementation of the mandate. The current report covers the activities of UNMIK and developments in Kosovo, Federal Republic of Yugoslavia, since the last report of 17 July 2002. Matters reported to the Security Council at its meeting on 5 September 2002 are referred to as appropriate (see S/PV/4605).

II. Benchmarks

2. The benchmarks process has been explained to local political leaders, officials and civil servants and has been widely publicized under the slogan of "Standards before Status". Most political forces in Kosovo have welcomed this approach and expressed their willingness to work towards achieving the agreed-upon standards. The Mission is developing a set of progress indicators to allow it to track achievements systematically and to highlight areas where efforts need to be intensified. The Provisional Institutions of Self-Government created a mechanism to track progress and some of these institutions have already developed action plans for achieving the expected standards. Further efforts will focus on engaging the municipal level after the municipal elections.

III. Building functioning democratic institutions

A. Executive and legislative branches

3. The Assembly returned from its summer recess determined to increase its efficiency and effectiveness. It plans to consider one law a week from now on, as submitted by the Government. Capacity-building programmes for the Assembly continued with workshops on rules of procedure, committee work and decision-making. Senior representatives of minority communities in the Assembly also participated in a training programme in Geneva focused on negotiation and decision-making skills. Two consultants from the Belgian Parliament conducted workshops for the Assembly's language unit in order to boost its translation capabilities in line with the needs of a multilingual Assembly.

4. During the reporting period, the Assembly approved the Laws on Primary and Secondary Education and Higher Education in Kosovo. These laws were supported by a large majority of Kosovo Albanian deputies, but all amendments proposed by the other deputies were voted down. Specifically, the Kosovo Albanian majority voted to delete a provision in the draft law on higher education which would have made the university in northern Mitrovica, attended by Kosovo Serbs, part of a unified educational system for Kosovo. The Kosovo Serb deputies for the first time invoked the Special Procedure in accordance with the Constitutional Framework on Provisional Self-Government in Kosovo (see UNMIK regulation 2001/9 of 15 May 2001) for the legal protection of the interests

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of minority communities. This provides that any member of the Assembly, supported by five additional members, may submit a motion to the Presidency claiming that the law or certain provisions violate the vital interests of the community or its members under chapter 3 or 4 of the Constitutional Framework. The Assembly Presidency, however, could reach consensus only on the Law on Primary and Secondary Education. Therefore, a Special Panel was convened and chaired by an international expert appointed by my Special Representative to consider the challenge submitted by the Kosovo Serb deputies to the Assembly Presidency. The Panel decided to recommend to the Assembly Presidency language which would have provided the basis for the continued functioning of the university in northern Mitrovica. On 26 September 2002, the Assembly, with the votes of the Kosovo Albanian majority, rejected the Panel's decision. The matter is pending.

5. The Government has made a concerted effort to improve its work. For example, a newly developed matrix will allow better control of the legislation process for any law under review. Substantive progress has also been evident in the ministries. In the health sector, the registration and issuance of licenses to doctors, except those working in enclaves inhabited by Kosovo Serbs, was completed and the registration of nurses is well under way. A Mental Disability and Mental Health Policy Implementation Task Force was created to facilitate and monitor implementation of policy decisions on mental health and mental disability and to provide human rights training for staff at the mental health facility in Stimlje. Funds are being sought to increase community-based housing for children with mental disabilities. With the start of the 2002-2003 school year, the first phase of reforms of the educational system was introduced, with a view to bringing Kosovo's educational system in line with European standards. A basic pension scheme, which covers in excess of 130,000 potential beneficiaries, was also introduced, with more than 21,000 recipients from all of Kosovo's communities receiving their first payments. More than 35,000 UNMIK identification cards and 44,000 UNMIK travel documents were issued during the reporting period, bringing the total number of documents issued to 222,000 and 286,000, respectively. This is a responsibility shared between the Provisional Institutions and UNMIK.

6. Most municipalities in Kosovo have made considerable progress, particularly in the financial area. More than two thirds of Kosovo's municipalities have now been certified by the Central Fiscal Authority (CFA) to collect fees and charges, making them more sustainable and less dependent on central authorities and the donor community. Responsibility for fire services has been transferred from the UNMIK Directorate of Civil Protection to the municipalities. The participation of Kosovo Serbs in the municipal structures as appointed members of the municipal assemblies has, in some places, yielded results for the Kosovo Serb communities on employment in the municipal civil service, the distribution of municipal revenue, the joint use of municipal facilities, the determination of street names and municipal return plans. However, most municipalities remained in a stalemate on such issues. During the first half of the year, only three out of the 24 municipalities with a minority population allocated a fair share of their finances for minority communities.

7. The continued existence of parallel administrative structures challenged the day-to-day operations for some of the ministries as well as municipalities, principally in the areas of education, health and administrative services. In the health sector, this came to the fore at the Gracanica Health House, where Kosovo Serb employees still refused to recognize the UNMIK-appointed director, a Kosovo Serb, although the Ministry of Health financially supports all health-care facilities in areas inhabited by Kosovo Serbs, including in Gracanica. Problems also persisted in the education sector. Kosovo Serb civil servants have routinely taken administrative actions following instructions from Belgrade rather than those received from the Ministry of Education, Science and Technology. In the Mitrovica region, UNMIK established an ad hoc Regional Education Board, chaired by UNMIK and consisting of representatives from all communities, which will temporarily be responsible for upholding the powers and responsibilities of the Education Ministry in all schools in the northern part of the region.

8. During the last several months, UNMIK has exerted efforts to change the political dynamic to provide an incentive to dismantle the parallel structures and to encourage all communities to participate in joint institutions. The priority of integrating all structures under UNMIK authority came into sharp focus in the

preparations for the municipal elections. It is in this context that my Special Representative, on 1 October 2002, proposed a seven-point plan, which included a commitment to no incursions from southern Mitrovica into northern Mitrovica; regular policing in the north by Kosovo Serbs as part of the Kosovo Police Service (KPS); a coalition agreement for co-governance between Kosovo Albanian and Kosovo Serb political parties in the Mitrovica Municipal Assembly; a further decentralization of responsibility to the local level across Kosovo; relocation of the Kosovo Trust Agency headquarters to northern Mitrovica; the convening of a donor conference specifically for Mitrovica; and a call on all to participate in the upcoming municipal elections.

B. Civil service

9. Recruitment and training of civil servants continued, albeit slowly. Five of the 11 Permanent Secretaries for the Ministries have now been appointed. A comprehensive training needs assessment is under way at the municipal and central levels, which will help to establish standards and design the training curriculum. Over the reporting period, management seminars were held for senior female staff in various northern municipalities and for staff in CFA. The staff of the Office of the Prime Minister received management and office skills training. Information technology capacities were also strengthened at the central level with the establishment of electronic links within the civil service and the development of information technology standards. Efforts to strengthen the capacities of civil servants in all municipalities also continued, with emphasis on government procedures, language, computer skills and professional knowledge.

10. Although efforts to increase minority representation throughout the civil service continued, obstacles remained, such as security concerns, inter-ethnic tension in the workplace and limitations on freedom of movement as well as the limited pool of minority applicants with the required qualifications willing to work within these institutions. The Ministry of Education, Science and Technology remained the most ethnically mixed, with 27 per cent minority employees at the central level, and the Ministry of Health was second, with 12 per cent minority representatives. There has been an increase of Kosovo Serb and Turkish community representatives in both the Office of the Prime Minister and the Assembly Secretariat to the extent that each now has 16 per cent minority staff. Minority employees in the Ministries of Labour and Social Welfare, Culture, Youth and Sports, and Environment and Spatial Planning have increased to levels of 11 per cent. At the municipal level, numbers have increased but have yet to reach desired levels. A fair proportion of minorities have been employed in only eight out of the 24 ethnically mixed municipalities, if compared to the present ethnic composition of the municipalities.

C. Development of professional and independent media

11. With the elections approaching and the recent start of the campaign period, the media climate has become more activist and somewhat uncompromising. There remains a significant way to go in reaching globally accepted standards of journalism in Kosovo. Cases of unsubstantiated defamation and politicization of criminal events could be observed on a regular basis in the daily media. During the reporting period, the Temporary Media Commission, an independent media regulatory body, received more than a dozen complaints against print media in Kosovo and imposed significant fines for breaching UNMIK Regulations and associated media codes of conduct. UNMIK urged the press to issue reports on a factual basis and to avoid aggravating ethnic tension by broadcasting inaccurate, inflammatory statements. It has increased its media monitoring operations in Kosovo in the light of the upcoming elections in order to ensure adherence to electoral rules, which dictate that all certified political entities have equal access to broadcast media. To mediate minor issues that may arise between political entities and media outlets, five Media Access Support Teams have been deployed.

D. Preparations for municipal elections

12. Preparations for Kosovo's third election in three years have been proceeding smoothly. Although the political environment has become recognizably tenser since the beginning of the campaign period on 10 September 2002, there has been no election-related violence thus far. The impact of the recent arrests of former Kosovo Liberation Army (KLA) members has had an influence on the campaign in some

municipalities, particularly in those areas with strong support for the Democratic Party of Kosovo (PDK) and the Alliance for the Future of Kosovo (AAK).

13. In July and August 2002, 68 political entities from all of Kosovo's communities were certified by the Central Election Commission (CEC) to contest in one or more of Kosovo's 30 Municipal Assemblies. A majority come from Kosovo's minority communities, including 30 Kosovo Serb political entities. Many of the political entities certified are contesting in only one municipality. By 9 September 2002, CEC registered the candidate lists of all political entities, with some 5,500 candidates representing all of Kosovo's communities; 27 per cent are women. Through strengthened financial disclosure requirements, both candidates and political entities have been held to higher standards of transparency and financial accountability this year.

14. On 7 September 2002, the production of the Provisional Voters List was completed, containing a total of 1.3 million people registered to vote, with some 1.19 million in Kosovo, 109,000 in Serbia proper and Montenegro and approximately 7,800 in 37 countries worldwide. By the close of voter services on 23 August 2002, there had been only 3,300 new voter registrants in Serbia proper and Montenegro and less than 100 absentee voters in Kosovo. The Final Voters List has been completed, after the completion of the challenge and confirmation period that began on 11 September 2002. Through this process, political entities and voters were given the opportunity to challenge individual entries on the list, which were then reviewed by the Elections Complaints and Appeals Subcommission. Early voting began on 7 October 2002, involving approximately 12,000 voters.

15. Some of the decisions of CEC, such as the certification of Serb political entities — three of which are political parties registered in Belgrade — were criticized by Kosovo Albanian groups and media. Elsewhere, there were calls to boycott the elections from two small radical Kosovo Albanian political parties. There were also calls to boycott the elections in the Kosovo Serb community in connection with the attempted arrest of a Kosovo Serb leader and the demand from Kosovo Serbs for a separate municipality in the northern part of Mitrovica. The President of the Federal Republic of Yugoslavia has, however, publicly called on all Kosovo Serbs to participate in the elections.

IV. Kosovo Protection Corps

16. In accordance with its responsibilities under the Constitutional Framework and in accordance with UNMIK regulation No. 1999/8, UNMIK focused on the continued development of the Kosovo Protection Corps (KPC) as a professional civilian emergency agency. In line with the continued transition of KPC, the activation of the KPC reserve has gone according to plan. A third group of 349 individuals was moved into the reserve on 31 July 2002, leaving the organization with approximately 3,500 members, of whom 3.5 per cent are minorities. The KPC has identified an additional 344 persons who will be moved into the reserve on 31 October 2002. The new permanent establishment for KPC, approved on 2 September 2002, defined the 5,052 posts (both active and reserve) available within the organization and designated job descriptions, ranks, pay grades and tasks within each KPC unit. The new structure will be in effect as from 1 November 2002. During the reporting period, 50 cases of non-compliance were recorded, most of which were minor, such as absenteeism and insubordination. Five members, however, were suspended, pending possible judicial charges.

17. KPC assisted in the emergency response to a lightning strike at Obilic power station on 19 July 2002. Although the operation was considered a success, it also revealed the need for continued training and practice in coordination and call-out procedures. KPC is now actively involved in an emergency planning process for any future occurrences requiring intervention. Five different training campaigns were carried out in conjunction with the Kosovo Force (KFOR) and the International Organization for Migration, focusing on communications, leadership and management skills as well as simulated emergency response activities and continued education for specific personnel.

V. Rule of law

A. Security situation

18. The general security situation remained calm during the reporting period, despite isolated incidents of civil unrest. There were again ethnically motivated crimes. In July 2002, a series of explosions destroyed homes belonging to Kosovo Serbs in the Gnjilane

region. Although most of the homes were uninhabited at the time, property damage was extensive. One elderly Kosovo Serb man was escorted from his house by United States KFOR soldiers just moments before it exploded, injuring the two soldiers. The incident remains under investigation. A Kosovo Serb woman was attacked in Pristina by Kosovo Albanian adolescents, but was assisted by Kosovo Albanian passers-by. In one incident during the reporting period, Kosovo Albanian gunmen targeted UNMIK Police and KFOR who were protecting Kosovo Serb woodcutters during a gunfight in the Pec region.

19. After lengthy investigations, in August 2002, several former members of KLA were arrested and indicted on charges of crimes, such as unlawful detention, inflicting serious bodily harm, torture and murder, committed against fellow Kosovo Albanians in 1999. These arrests led to protests, primarily in the Pec and Pristina regions. During one demonstration in Pec on 15 August 2002, approximately 150 demonstrators blocked the street, forcing UNMIK Special Police units and KFOR to intervene. A total of 22 protesters were arrested and 23 police officers were injured. In September 2002, UNMIK Police arrested two other former KLA members for the murder of a Kosovo Serb woman in late June 1999. A smaller number of protests were also held in the northern part of Mitrovica in response to the attempted arrest of a Kosovo Serb leader. On the whole, however, these demonstrations have not mobilized widespread public support. On 19 August 2002, the Government issued a resolution condemning the arrests of some Kosovo Albanian suspects and the failed attempt to arrest a Kosovo Serb suspect and accusing UNMIK of having taken "political prisoners". It passed the resolution, with the Prime Minister casting the decisive vote. UNMIK, supported by representatives of the international community, condemned the resolution. Subsequent statements by Kosovo Albanian political leaders supported the arrests.

20. The security situation in Mitrovica remained relatively calm during the reporting period. On a few occasions, Kosovo Albanian youth attempted to cause unrest, although there have been no major incidents to report. Small-scale demonstrations continued outside the UNMIK Local Community Office. In line with the overall downsizing of the military presence throughout Kosovo, KFOR is gradually reducing its permanent presence in the city.

21. Economic crime and corruption remained pervasive, but with increasing arrests by UNMIK Police and KPS. A number of suspects were apprehended on charges of tax evasion, smuggling, money-laundering and fraud. On 24 September 2002, two senior officials from the cadastre office in Pristina municipality were arrested on suspicion of being involved in thousands of illegal property transactions. Furthermore, most of the €4.5 million taken from the Kosovo Electric Company (KEK) were returned to Kosovo. Efforts continued to boost the operational capacity of the Kosovo Organized Crime Bureau (KOCB). Thanks to valuable contributions by Member States, KOCB has been provided with the necessary equipment and technical support as well as personnel to enable it to become operational. KOCB cooperates with law enforcement bodies and initiatives outside Kosovo, such as the Bucharest-based South-East Europe Cooperation Initiative police forum and Interpol.

22. Owing to increasing arrests, the prison population has grown to a total of 1,022 prisoners, compared to a capacity of 1,130. This figure represents an increase of more than 50 persons within the last month alone. The prison population is expected to continue to grow.

23. KFOR has almost completed its "unfixing" strategy with the further dismantling of fixed checkpoints in all regions except the northern part of Mitrovica region. In the areas where security remains a concern, particularly where returns are occurring, KFOR has increased its foot patrols and there has been an increase in joint patrols of UNMIK Police and KPS. KFOR has also stepped up efforts to stop armed extremists who operate across borders. Significant caches of weapons were discovered and seized in the border regions with Albania and the former Yugoslav Republic of Macedonia. Smuggling activities also continued. Joint KFOR, UNMIK Police and KPS patrols of the border areas resulted in large amounts of contraband being seized, particularly cigarettes.

B. Building local law enforcement and judicial capacity

24. The third anniversary of the Kosovo Police Service School was marked with the graduation of the twentieth recruit training class, taught completely by local instructors, bringing the total number of KPS officers to 5,240, of which 15.66 per cent are female

and 14.78 per cent are from non-Albanian communities. For the first time, the total number of KPS officers exceeded that of UNMIK Police officers. Law and order functions continued to be devolved to KPS by KFOR and UNMIK Police, while KFOR gradually transfers policing responsibility for the boundary/border crossing points.

25. KPS worked throughout Kosovo, with the exception of the northern part of Mitrovica town, where only international police were deployed, owing to the continued existence of parallel security structures. While their presence initially discouraged Kosovo Serbs from joining KPS, UNMIK has now successfully been recruiting Kosovo Serbs from Mitrovica to join KPS. The first class of Kosovo Serb recruits to be deployed in this area began their initial fieldwork in northern Mitrovica, prior to graduation, on 23 September 2002.

26. The local judicial system comprised 341 judges and prosecutors, including 319 Kosovo Albanians, four Kosovo Serbs, seven Turks, nine Bosniacs and two Roma. The Kosovo Judicial and Prosecutorial Council has finalized a shortlist of 94 candidates, 52 per cent of whom are minority applicants, for 40 advertised vacancies. Twelve international prosecutors and 12 international judges continued to work in the justice system. Courts were reopened in Leposavic and Zubin Potok.

27. On 24 September 2002, the trial of two Kosovo Albanians, former members of KLA accused of having committed crimes against Kosovo Serbs in 1999, began in Gnjilane. In two separate court cases, two Kosovo Serbs accused of committing crimes against Kosovo Albanians in 1999 and 2000, respectively, were acquitted. Intimidation of witnesses remains a concern, especially as the judiciary is increasingly considering crimes which took place during the conflict. Current legal provisions and material resources remain insufficient to deal with this problem, notably through an effective witness protection programme.

C. Missing persons

28. The newly established UNMIK Office on Missing Persons and Forensics (OMPF) has initiated protocols for missing persons operations in order to establish continuity and ensure procedural uniformity with data assembled by the International Criminal Tribunal for the former Yugoslavia (ICTY) on missing persons in Kosovo, including the introduction of the ICTY coding system. OMPF continued exhumations of known gravesites, in anticipation of completing the estimated remaining 200 gravesites by the end of 2002. Recently, 28 remains were exhumed in the Pec region. The Orahovac mortuary, which reopened on 2 September 2002, utilized DNA testing in collaboration with the International Commission on Missing Persons to identify 16 of 28 bodies. Local radiographers have been hired. Unfortunately, no applications were received from Kosovo Albanian candidates for medical examiner positions. Recruitment of non-Kosovo Albanian staff for this position continued.

29. Since 29 July 2002, medical death certificates, in line with global standards, were issued for 910 victims, based on autopsy results from ICTY. However, some family associations and other organizations have criticized the relative lack of precise information and personal civil details of the victim on the certificates. This additional information has been made available to families, where possible, through the provisions of the civil death certificates issued by municipalities.

VI. Laying the foundations for economic progress

30. While Kosovo's economy has continued its consolidation and stabilization under lowering inflation and a more stable monetary policy, Kosovo is still far from economic sustainability. Kosovo has a massive trade gap, with imports currently 10 times larger than exports; its public investment programme remained heavily dependent on donor funds (unlike the budget for recurrent expenditures, which is balanced); and unemployment and underemployment remained major problems as well. The main challenges are creating jobs, ensuring that the basis of a market economy takes firm root and increasing the capacity of the Kosovo workforce through education and training. A donor conference, scheduled to be held in Brussels in early November 2002, will focus on Kosovo's medium-term economic development strategy.

31. During its third meeting on 18 July 2002, the Economic and Fiscal Council looked at the budget development since the beginning of the year and reported continuing improvement in received revenues. The forecast for revenues has been increased by €47.7

million, bringing the total expected revenue to €396.3 million. A medium-term expenditure framework analysis has been added to the budget development process, which improved the macroeconomic and fiscal basis of a multi-year budget and increased the predictability of policy and funding for improved budget planning for the 2003-2005 period.

32. At the second Board meeting of the Kosovo Trust Agency (KTA), the commercialization of five socially owned enterprises was approved. KTA operational policies and procedures are expected to be approved at the next Board meeting in mid-October 2002. KTA teams have begun to collect and collate cadastral records related to socially owned enterprises. Work has begun on making socially owned enterprises subject to the same laws as private enterprises, particularly in the areas of taxation and employment relations. This will enable KTA to determine whether the enterprises are financially viable and will also improve monitoring of their financial performance, allowing for closer control of the amount of liabilities these enterprises may accumulate prior to the privatization process. Difficulties with missing documentation on identification and financial reporting of socially owned enterprises remained a constraint. Meanwhile, a far-reaching public information campaign on the privatization process has been initiated.

33. At the beginning of this quarter, Kosovo's electricity supply was at its peak production since the end of the conflict, meeting all consumer demands without any interruption. However, on 19 July 2002, lightning struck Obilic power station causing a widespread fire that killed one Croatian national and extensive damage to the most reliable generation units within the station. Almost two thirds of Kosovo's domestic electricity generating capacity was knocked out of service. The police investigation revealed that no criminal acts caused the fire, but that a lack of management oversight and "bad housekeeping" at the power station had contributed to the extent of the damages. In response, my Special Representative appointed an international energy expert as the interim head of KEK.

34. An Energy Committee, chaired by my Special Representative, was created, including representatives of UNMIK, the Provisional Institutions, KFOR and electricity experts. The Committee has approved a comprehensive repair programme and endorsed an Energy Savings Plan, drafted by the Government; it also approved an energy import package of €20 million from the Kosovo consolidated budget to cover the period until the end of the year, supplementing the limited domestic production and allowing for a reasonable load-shedding schedule. Finally, on 20 September 2002, my Special Representative, with the support of the Prime Minister, signed two Administrative Directions for the implementation of a firm policy on disconnection of services for customers, local and international, who have severe outstanding debts with KEK. Despite the speedy response of members of the donor community to enable repairs to begin quickly on one section of the station, technical assessments of the damage indicate that a return to normal operation is unlikely before the summer of 2003. Funding for the repair of the fire-damaged section of the station is still being sought.

35. Pristina Airport remained an important factor to economic growth in Kosovo as well as the normalization and stabilization process. Close to 1 million passengers are expected to pass through this airport in 2002. A large capital investment programme of €13.5 million is on course and will help the airport to cope with this increased traffic. Pristina Airport remains under the jurisdiction of KFOR. KFOR continued to assist UNMIK in performing its responsibilities vis-à-vis international civil aviation in accordance with the standards of the International Civil Aviation Organization and is currently seeking a lead nation for this task. Responsibility for air operations and ground civilian operations at Pristina Airport will gradually be transferred by KFOR to the civilian authorities over the next 18 months.

VII. Creating conditions for sustainable returns and reintegration

A. The returns process

36. Over the past several months, forced repatriation of Kosovo Albanians who do not face security concerns continued. At the same time, there has been a worrying trend of host countries forcibly returning Kosovo residents with mental illnesses that cannot be treated in Kosovo. UNMIK continued to request that host countries refrain from forced repatriation of minorities.

37. A total of 1,698 persons from minority communities have returned so far this year, of whom 727 were Roma/Ashkali/Egyptian, 604 were Kosovo Serbs and 110 were of Bosniac/Gorani origin. The previous trend of net outflow of minorities has stopped. A possible mass return, which could have led to serious disruption and violence, from Serbia proper was averted in September 2002 after contacts between UNMIK and the Belgrade authorities.

38. During the reporting period there have been several security incidents in areas where returns were taking place or are being planned. For example, on 21 July 2002, a group of 80 Kosovo Albanian men blocked the road to a potential return site and prevented a go-and-see-visit of Kosovo Serb internally displaced persons. During the final week of July 2002, separate security incidents occurred in Strpce and Vitina municipalities involving Kosovo Serb residents threatening violence against Kosovo Albanian returnees. Interventions by UNMIK Police and UNHCR helped to diffuse the situations. The state of inter-ethnic relations and thus the climate for returns varies. While in some municipalities there has been an increase in freedom of movement, security for minority communities and increased integration into administrative structures and social services without problems, in others there has been a deterioration of relations between communities, often sparked by the spontaneous return of internally displaced persons, politicization of decisions by Municipal Assemblies, property disputes and security incidents.

39. Thirty projects have been approved by the municipal and regional working groups and have received financing from a number of Member States. For example, in the Klina municipality, a group of 44 Kosovo Serbs returned to the villages of Bica and Grabac in two stages during July and early September 2002. In the Lipljan municipality, 26 Ashkali families returned to two villages. Signals from government officials at the central political level also continued to be positive on returns. However, more substantial and regular engagement from all local participants is required and the many positive statements have yet to be turned into concrete action. A broad range of activities continued to promote inter-ethnic dialogue and reconciliation. For example, a number of football and boxing clubs representing minority communities joined the respective Kosovo sports federations and will now participate in Kosovo-wide league matches in the upcoming sports season. Additionally, a number of cultural events took place in the northern region of Kosovo and brought different ethnic groups together.

B. Efforts to improve freedom of movement

40. The first UNMIK-produced driving licences were handed out on 22 July 2002. The same day, 37,000 applications for renewal of driving licences were received and 21,000 licences were produced for distribution. These licenses replaced those issued by the Federal Republic of Yugoslavia, some of which had expired. The UNMIK-issued licences fulfil all European standards and can be used throughout Europe. Both the Yugoslav and Serbian Parliaments have approved the text of the Joint Protocol on the movement of registered vehicles and on the issuance of licence plates and vehicle registration documents. UNMIK-issued Kosovo licence plates and registration are now also recognized by the former Yugoslav Republic of Macedonia. The issuance of free UNMIK licence plates to Kosovo Serbs, in line with the Common Document, began on 17 September 2002.

C. Property

41. Efforts were also undertaken to bolster the capacity of the Housing and Property Directorate (HPD) to process housing claims through increased personnel and restructuring the HPD under UNMIK management. By the end of September 2002, a total of 19,862 claims were filed with HPD, of which 644 have been resolved. Of these decisions, 322 have been implemented, 241 through forced evictions. A total of 3,785 properties have now been placed under HPD administration.

D. Funding

42. In addition to continuing security concerns, which still present the most substantial barrier to returns, there were insufficient funds to address even the relatively small scale of current returns, causing some who have returned on their own initiative to consider leaving Kosovo again. To address this problem, which is likely to become greater next year, UNMIK has focused on strengthening contacts with the

donor community. The funding requirements for returns, including the urgent need for funding HPD, will be one of its top priorities at the upcoming November donor conference.

VIII. Relations with the Federal Republic of Yugoslavia

43. Regular contacts between UNMIK and authorities of the Federal Republic of Yugoslavia as well as the Republics of Serbia and Montenegro continued. The High-level Working Group meeting of 3 October 2002 focused on returns, the Mitrovica strategy and crime. My Special Representative also met regularly with the Serbian Deputy Prime Minister and President of the Federal Republic of Yugoslavia/ Serbian Coordination Centre to discuss political issues, mainly crime, decentralization and the upcoming local elections. Recent discussions with Montenegrin officials focused on reinforcing a regional commitment to cooperation to tackle organized crime with concrete actions, including enhancing police cooperation. UNMIK also proposed to move the customs sift points in order to eliminate the "no-man's land" between Kosovo and Montenegro. Kosovo Serbs voted in the Serbian presidential elections in Kosovo without incident. UNMIK was not involved in organizing this election, as was the case in 2000 during the Federal Republic of Yugoslavia presidential and Serbian parliamentary elections. For security reasons, it was not possible to allow the candidates to campaign in Kosovo. Kosovo Albanian media and political leaders have criticized the carrying out of a Serbian election in Kosovo as inappropriate.

IX. Regional cooperation

A. Relations with the former Yugoslav Republic of Macedonia

44. UNMIK and the authorities of the former Yugoslav Republic of Macedonia continued efforts to find a practical solution for the farmers in the border zone. In this connection, the opening of two additional border crossing points was discussed. UNMIK and KFOR prepared concrete proposals for possible locations of these border crossings, which are currently being reviewed by the authorities of the former Yugoslav Republic of Macedonia.

B. Relations with the Republic of Albania

45. My Special Representative visited Tirana in July 2002, during which he signed with the Albanian Minister of Finance and Economy a memorandum of understanding on economic cooperation, which provides a basis for future partnerships in the area of trade, tourism, transportation and general economic development. During a visit in September 2002, my Special Representative signed a memorandum of understanding on police cooperation and one providing for the mutual recognition of motor vehicle insurance. Additionally, they agreed to initiate discussion on a future bilateral agreement for cooperation in the areas of culture, youth and sports.

C. Relations with the Republic of Slovenia

46. UNMIK strengthened relations with Slovenia recently in a visit by my Special Representative in September 2002, which focused on enhancing cooperation for practical issues, particularly in the area of investment and economic development. He signed a memorandum of understanding on the mutual recognition of vehicle insurance, which will shortly be followed by a protocol on the recognition of licence plates. Agreement was also reached on enhancing police cooperation, which will be formalized shortly.

X. Support matters

47. The Mission continued to plan for the transfer to the Kosovo consolidated budget of all routine support costs for police stations effective 1 January 2003. Police main and regional headquarters will continue to be supported from the UNMIK budget for the time being. Planning has also advanced to separate police information technology and communications from the remainder of the Mission's network, while still using the Mission's communications network as a carrier. All the major construction tasks required by Special Police Units, the Close Protection Unit, the Financial Investigation Unit and the Criminal Investigation Unit have been completed. Improvements have been made

to the UNMIK health centre to provide X-ray and laboratory facilities.

XI. Observations

48. With the upcoming municipal elections, Kosovo will pass another milestone in the development of its democratic institutions. It is important that the campaign and the ballot take place without incident and that all communities participate. I welcome President Kostunica's timely appeal for participation in the elections and, for my part, call upon all eligible voters to exercise this basic democratic right.

49. Elections are, however, only the first step. Meaningful participation in elected bodies at the central and local levels by all communities in Kosovo is an important component not only to ensure successful governance, but also to ensure that participation brings tangible benefits to all communities, which has not yet been demonstrated. Clearly, this is a responsibility not only of minority representatives but even more so of the representatives from majority parties. The dismantling of parallel structures is another key factor in achieving success to this end. In my view, the Assembly missed an important opportunity when it rejected the proposals of the minority representatives for the law on higher education. I call upon all concerned to support the work of the local institutions in Kosovo at all levels and to work within them and with UNMIK for the benefit of all residents in Kosovo. In this regard, I support the strategy most recently outlined by my Special Representative of Mitrovica, which is based on election participation, co-governance and decentralization.

50. The statements of support by local officials for the policy of tolerance, reconciliation and integration need to be followed by concrete action. This is particularly important in order to create conditions conducive to the sustainable return of all individuals who wish to return to their homes in Kosovo. Resolving the fate of the missing is an important factor in reconciliation and the necessary exhumations should be completed as soon as possible. The success of all these efforts depends in substantial part on the commitment of donors to provide funding. Much will therefore hinge on the outcome of the donor conference scheduled to take place in Brussels on 5 November 2002.

51. No one is above the law and respect for the rule of law is imperative. Positive steps have been taken in this area, particularly in the development of KPS. Progress has also been made in combating organized crime thanks to the valuable contributions of Member States. I trust that donors will continue to support this important programme as well as others, such as witness protection.

52. I would like to express my gratitude to my Special Representative, Michael Steiner, and to the men and women of UNMIK, for the exemplary manner in which they have carried out their duties. I would also like to express my appreciation to our partners within UNMIK, the European Union and the Organization for Security and Cooperation in Europe, and to the organizations, agencies, contributors and donors for their substantial support in implementing Security Council resolution 1244 (1999).

Annex I

A. Composition and strength of the UNMIK police (as of 7 October 2002)

Country	*Number*	*Country*	*Number*
Argentina	146	Malaysia	47
Austria	44	Malawi	21
Bangladesh	73	Nepal	46
Belgium	1	Nigeria	63
Bulgaria	100	Norway	27
Canada	23	Pakistan	71
Cameroon	19	Philippines	25
Czech Republic	16	Poland	125
Denmark	27	Portugal	19
Egypt	57	Romania	184
Fiji	35	Russian Federation	123
Finland	26	Senegal	15
France	94	Slovenia	15
Germany	400	Spain	148
Ghana	110	Switzerland	9
Greece	20	Sweden	46
Hungary	5	Tunisia	6
Iceland	2	Turkey	119
India	505	Ukraine	193
Italy	62	United Kingdom of Great Britain and Northern Ireland	155
Jordan	437	United States of America	478
Kenya	25	Zambia	38
Kyrgyzstan	4	Zimbabwe	61
Lithuania	9		
Total			**4 274**

B. Composition of the Kosovo Police Service (as of 7 October 2002)

Category	*Percentage*	*Number*
Kosovo Albanians	85.23	4 184
Kosovo Serbs	8.11	498
Other ethnic minority members	6.67	558
Total		**5 240**
Men	84.34	4 419
Women	15.66	821

Annex II

Crime statistics

Crime	*July-September 2001*	*July-September 2002*	*January-September 2001*	*January-September 2002*
Murder	38	11	152	51
Attempted murder	36	40	149	102
Theft	2 285	2 098	6 652	6 102
Traffic in persons	44	17	93	44
Theft of vehicles	531	349	2 134	1 224
Robbery	145	161	499	441
Domestic assaults	7	68	10	207

Annex III

Composition and strength of the military liaison component of the United Nations Interim Administration Mission in Kosovo (as of 1 October 2002)

Nationality	*Number of liaison officers*
Argentina	1
Bangladesh	1
Belgium	1
Bolivia	1
Bulgaria	1
Chile	1
Czech Republic	1
Denmark	1
Finland	2
Hungary	1
Ireland	3
Italy	1
Jordan	1
Kenya	1
Malawi	1
Malaysia	1
Nepal	2
New Zealand	1
Norway	2
Pakistan	1
Poland	1
Romania	1
Russian Federation	2
Spain	2
Switzerland	1
Ukraine	2
United Kingdom of Great Britain and Northern Ireland	2
United States of America	2
Zambia	1
Total	**39**

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